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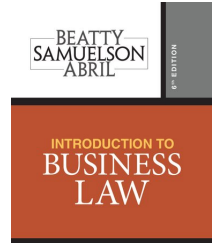
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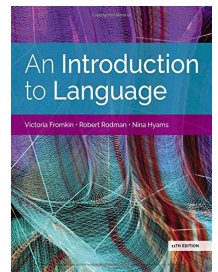
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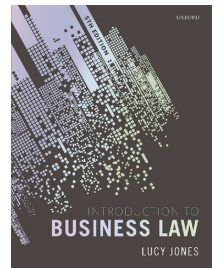
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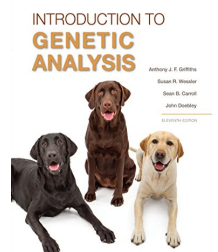
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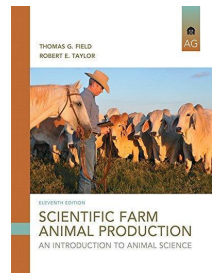
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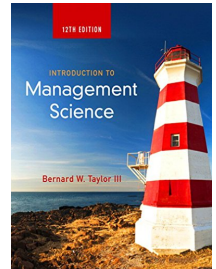
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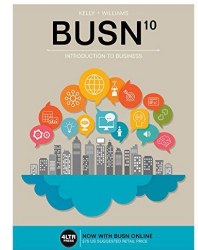
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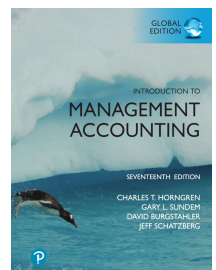
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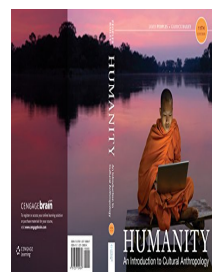
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## CHAPTER 1

# The business world and business management

*Peet Venter*

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### The purpose of this chapter

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This chapter discusses the role of business in society and explains how a business organisation in a market economy employs the various resources of a nation (its natural resources, human resources, financial resources and entrepreneurship) in order to satisfy the need for products and services. The chapter gives an overview of the prevailing economic systems in the world and explains how the business organisation functions in a market economy.

### Learning outcomes

On completion of this chapter you should be able to:

- explain the role the business organisation plays in making available the products and services society must have to exist and thrive
- describe the needs of society and how a business organisation satisfies those needs in a market economy
- distinguish between the world's three main economic systems
- explain the interface between a business organisation and a market economy
- describe the nature and purpose of business management as a science, where the enabling factors, methods and principles of the business are studied to ensure the efficient functioning of a business organisation
- comment on the development of business management as a science
- distinguish between and comment on the different management functions.

## 1.1 Introduction

In a market economy, the business world can be seen as a complex system that involves transforming resources into products and services. These products and services must meet the needs of people in exchange for a profit. This description of business emphasises four different elements:

- human activities
- production
- exchange
- profit.

These elements are discussed in detail in section 1.2, but first consider the case study below. As the case study illustrates, the **profit** of a business is dependent on their ability to efficiently deliver goods and services that society needs. However, where the management of the organisation fails, and it is further influenced by players and factors outside of their direct control, such as regulators and customers, it can lead to

disastrous consequences. Businesses also have to trade off the demands of divergent **stakeholders**, such as employees, government, regulators and suppliers to strive for **sustainability** and the best interests of the society they serve.

#### **CASE STUDY: PRASA ON THE BRINK OF COLLAPSE** <sup>1</sup>

The urban passenger rail services operated by the Passenger Rail Agency of South Africa (Prasa) have long been a backbone of the urban transport system, transporting millions of workers to and from their workplaces every day. But by 2018, Prasa was reported to be on the brink of financial collapse, and it was losing commuters who had lost confidence in its ability to deliver on its core mandate of providing an efficient, safe and timeous urban train service.

The continued decline in operating performance by the rail unit has shown a corresponding effect on passenger patronage which dropped to 372 million passenger trips per annum, against 448 million passenger trips the previous year, negatively impacting on Prasa's fare revenue and contributing to a loss of R928 million, up from a R554 million loss the previous year.

Prasa's acting CEO, Sibusiso Sithole, said the rail division's disappointing performance, where only 33 per cent of its targets were achieved, posed a serious challenge in positioning rail as the mode of choice for the commuting public. In fact, commuters were so frustrated that they often reverted to violence, burning train carriages and further crippling the Prasa fleet.

Prasa's problems did not end there. Fruitless and wasteful expenditure incurred stood at R988 million for Prasa and R992,2 million for the group, pointing to the governance problems facing the entity. It was also facing a clampdown from the Railway Safety Regulator (RSR) due to not meeting safety conditions and even operating without a safety permit at one point. To add to its woes, the theft and vandalism of cables and components aggravated the challenges of maintenance, resulting in increased numbers of rolling stock unavailability and unreliability. This negatively affected the delivery of a safe, clean and secure train service.

The board of Prasa faces a difficult challenge, and needs to urgently attend to the uncertainty relating to the growing concern by ensuring financial viability and sustainability of the agency, and addressing the governance and leadership instability characterising it.

## **1.2 The role of business in society**

The **business world** is a complex system of individuals and business organisations that, in a market economy, involves the activity of transforming resources into products and services in order to meet peoples' needs. These products and services are offered to the market in exchange for profit. This description of business emphasises four different elements:

- Firstly, business involves human activities. Business organisations are managed by people. While businesses may own property, machines and money, all of these are managed or operated by people.
- Secondly, business involves production. Production is the **transformation** of certain **resources** into products and services, as illustrated in Figure 1.1. This may be, for example, the conversion of flour, sugar and butter into bread, or the conversion of bricks, sand, cement, wood and steel into a house. Even services are produced. For example, in a hospital, beds and medicine are converted into a health service. An airline transports passengers to their required destinations, and as this happens, the passengers become part of the transformation process.
- Thirdly, business involves exchange. Businesses produce products and services, not for their own use, but to exchange for money or for other products and services.

- Finally, business involves profit. Few individuals or business organisations can continue producing products and services without earning a profit. Profit is the reward for meeting people's needs, and it enables businesses to pay for resources and to make a living. However, profit has to be earned in a way that is fair and sustainable, and that is why the board of Prasa finds itself in the precarious position of trying to turn around a business facing challenges on many fronts.

**Figure 1.1:** How entrepreneurs transform a nation's resources into products and services

Some businesses produce predominantly tangible products such as bread, cars, houses or bicycles. Other businesses produce predominantly services such as entertainment, communication, insurance or transport.

Business is the means by which society endeavours to satisfy its needs and improve its standard of living by creating wealth. At the heart of all business activity are entrepreneurs, who start new ventures and thereby create jobs, economic growth and, hopefully, prosperity. No one invented the business world. It is the result of activities related to meeting the needs of people in a market economy.

The most important characteristic of the business world in the developed countries of the West and Asia is the freedom of individuals to establish any business of their choice and to produce, within limits, any product or service the market requires. This system, in which individuals themselves decide what to produce, how to produce it and at which price to sell their product, is called a **market economy** (or **market system**). This is the prevailing economic system in South Africa.

The market economy is a complex system comprising various types of small and large business organisations that collectively mobilise the resources of a country to satisfy the needs of its inhabitants. These businesses group together to form **industries**. Figure 1.2 shows the composition of the South African business world in terms of major industry sectors and their contribution to the economy.

**Figure 1.2:** The composition of the South African business world in terms of sector contribution to GDP<sup>2</sup>

**Source:** Statistics South Africa. 2018. *Gross Domestic Product: Second quarter 2018*. Statistical Release P0441. Available at <http://www.statssa.gov.za/publications/P0441/P04412ndQuarter2018.pdf> [Accessed 17 October 2018].

The business world or economic structure of South Africa resembles that of many industrialised countries, with a formal and informal sector. In the **formal sector**, large businesses such as Standard Bank, Naspers, Vodacom, Anglo American, Tiger Brands and many other large public corporations – 375 of which are listed on the Johannesburg Securities Exchange (JSE) – are responsible for most of South Africa's economic activity. As market economies develop, they tend to become less dependent on primary economic activities like mining and agriculture and more dependent on services. In 1920, for example, agriculture and mining combined contributed about 37 per cent to the gross national product (GNP), compared to the 32 per cent contributed by the



service sector. As we can see in Figure 1.2, in 2018 the service sector contributed more than 50 per cent of the GDP, with the contribution of agriculture and mining combined shrinking to about 10 per cent.

Large businesses in South Africa contribute to about 70 per cent of the country's economic activity as reflected by turnover, while small, medium and micro enterprises (SMMEs), which are mostly family or individually owned, contribute to about 30 per cent.<sup>3</sup> Many microenterprises form part of the so-called **informal sector**.<sup>4</sup> They are not part of the formal economy because they are not registered and many people involved in these enterprises live primarily on a subsistence or survival basis. Moreover, such businesses often put pressure on the infrastructure of inner-city areas, as due to their informal nature they do not contribute to rates and taxes. It is estimated that these businesses contribute approximately eight per cent of the annual GDP.<sup>5</sup>

The variety of needs that a country has determines the complexity of its business environment. In First World countries, businesses are the primary source of products, services and employment. Figure 1.3 shows the importance of the South African business world in providing employment in South Africa, with the formal sector providing by far the most jobs. However, it is also clear that informal businesses, farms and private households are important providers of employment in a developing market economy. The high unemployment rate in South Africa of about 27 per cent in 2018 and the 2,8 million 'discouraged work seekers' is of great concern, as it suggests that the prevalent institutional arrangements and economic growth rate in the country are not supporting the establishment and growth of businesses.

### Figure 1.3: Sources of employment

**Source:** Statistics South Africa. 2018. *Quarterly Labour Force Survey. Second Quarter 2018*. Statistical Release P0211. Available at <http://www.statssa.gov.za/publications/P0211/P02112ndQuarter2018.pdf>.

Business creates wealth, is a catalyst for economic growth and is credited with bringing about the high standard of living in developed countries. Take, for example, the role business has played in the United States. In the space of two centuries, the United States went from being a relatively undeveloped nation to a leading industrial nation, which at that time owned nearly 40 per cent of the world's wealth with only 6 per cent of the world's population. Adopting a more market- and business-oriented approach has also been of great economic benefit to emerging economies such as China and India. In China, for example, the gross national income (GNI) per capita<sup>6</sup> grew from about \$1 100 in 2002 to \$8 690 in 2017 – a growth of almost 700 per cent in 15 years.<sup>7</sup>

Business also serves the community indirectly by means of technological innovation, research and development, and improvements to infrastructure. It plays a crucial role in supporting, in various ways, education, the development of human resources, the arts, conservation, sport and other activities that improve the quality of life of a community.

The business world and society both depend on and influence each other. This is the core of sustainability, the ability of a business to survive and prosper over long periods of time. If a business behaves in a way that allows its stakeholders (such as the communities it operates in and the environment) to benefit too, in exchange for a fair profit, it has a better chance of surviving in the long term. However, practices that strive to ensure excessive short-term profits and that are detrimental to stakeholders will

most often not be sustainable and will be to the detriment of the business. In South Africa, we have seen the growth of **corporate social responsibility**, and the voluntary compliance of businesses with practices that are sustainable. This is discussed in more detail in Chapter 5.

At the heart of the business world is the entrepreneur or businessperson. In the pursuit of profit, entrepreneurs constantly search for new ideas, new products and new technologies. In so doing, they initiate innovation and bring about change by virtue of their decisions on investment, production and employment, influencing not only the state of the economy, but also the prosperity of whole communities.

Consider, for example, local entrepreneur Sarah Collins, inventor of the Wonderbag, a South African-made heat retention cooker. Made from traditional shweshwe Africanprint fabric, the Wonderbag resembles a beanbag filled with repurposed foam, and is used to keep a boiling pot cooking after it has been taken off the stove or fire. This environmentally friendly product is now sold in 52 countries, and already has 1,3 million users. The Wonderbag is manufactured in Tongaat, KwaZulu-Natal, employs local women and is then sold to South Africans and exported to countries like the United States and Australia. There are also satellite manufacturing sites in East Africa, West Africa and in Turkey. Collins said that the Wonderbag has led to 10 000 entrepreneurs starting ventures like selling Wonderbags or catering businesses.<sup>8</sup>

Conversely, society exerts its influence on the business world in a number of ways. If businesses fail to abide by the expectations and desires of the community, regulation and legislation to curb or control such practices can be instituted or enforced. In South Africa we have seen anti-competitive behaviour in several industries, such as the cement industry, the bread industry and the construction industry in the past few years. Getting together with other producers to allocate markets, fix prices and share information has only one purpose: to keep prices as high as possible. This kind of behaviour is to the detriment of smaller producers and to consumers, especially the poor, and is punishable by severe fines by the Competition Commission, a government body instituted to ensure fair competition. The Consumer Protection Act (No. 68 of 2008) also aims, among many other objectives, to prohibit unfair business practices and promote a consistent legislative and enforcement framework to protect consumers.

However, the legal route is not the only route available to society. By means of stakeholder activism businesses can also be influenced to behave more responsibly. The Occupy Wall Street (OWS) movement targeted a number of issues relating to social and economic inequality, greed, corruption and the undue influence of large corporations on government. The slogan of OWS – ‘We are the 99 per cent’ – reflected the social and economic inequality in the United States and the goals of the organisation (‘we are the 99 per cent that will no longer tolerate the greed and corruption of the 1 per cent’). OWS was a leaderless organisation that used the Arab Spring tactic to achieve its goals.<sup>9</sup> The movement started in September 2011 with thousands of protesters camping in Zuccotti Park in New York’s Wall Street financial district. The movement gained a largely unrecognised victory in the momentum it built for a higher minimum wage when it motivated fast-food workers in New York City to walk off the job in November 2012, sparking a national workerled movement to raise the minimum wage to \$15 an hour. This resulted in several states and cities voting for higher minimum wages in 2014.<sup>10</sup> The e-toll system in Gauteng provides another example of the effect of societal pressure, with pressure groups such as the Organisation for Undoing Tax Abuse (OUTA) being one example of an organisation that has fought on all fronts (legal and otherwise)

to prevent e-tolling in Gauteng. OUTA has expanded its activities to address other perceived tax abuses such as corruption in state-owned enterprises.<sup>11</sup>

The attitude of society towards the business world is by no means consistent, for in a changing environment the community will, at different times, have different expectations of the business world. If the business world fails to respond to the expectations of the community, the attitude of the community towards the business world is likely to change. Consider, for example, the issue of equity in South African organisations. When South Africa became a democracy in 1994, businesses were called on to offer redress to previously disadvantaged individuals (PDIs). These programmes required, *inter alia*, the appointment of PDIs, increasing PDI shareholding in businesses and preferential procurement from black-owned businesses. However, because businesses were slow to respond to this call, government instituted legislation that forces the business world to transform its organisations so that PDIs are included at all levels. The Employment Equity Act (No. 55 of 1998) and the Broad-Based Black Economic Empowerment Act (No. 53 of 2003) are examples of society's response to the exclusion from business of PDIs, women and people with disabilities. (See Chapter 12 for a more in-depth discussion on the South African labour legislation framework.)

Most Western countries have, over the years, come to regard the business sector as a valuable social institution because it has helped to realise society's needs and also to raise the standard of living. In the closing decades of the 20th century, however, most Western nations realised that a high standard of living amid a deteriorating physical environment and inadequate social progress is not sustainable. The business world is thus under continuous and often increasing pressure to behave in ways that are sustainable. There are several themes related to sustainability. In this chapter we discuss five themes, namely social responsibility, employment equity, business ethics, consumerism and environmental sustainability. A discussion of these factors will follow.

The **social responsibility** of business is a concept that originated in media revelations of malpractice by businesses and the resultant insistence of society on restricting such malpractice through regulation. Historically, the social responsibility of a business has been measured by its contribution towards employment opportunities and by its contribution to the economy. But while these factors remain important, many other factors are now included in assessing the social performance of a business. Businesses are nowadays under more pressure than ever to behave as responsible citizens (leading to the notion of corporate citizenship). Their role accordingly goes beyond financial success to include, *inter alia*, the provision of a responsible and safe workplace, the provision of housing, concern about health issues, involvement with community issues, environmental awareness and the empowerment of previously disadvantaged individuals, both economically and managerially. Social responsibility is discussed in more detail in Chapter 5. Businesses often contribute voluntarily and directly to social causes and community upliftment by way of **corporate social investment**.

**Employment equity** is the notion that the composition of the workforce at all levels should reflect the composition of the community. It aims to create equal employment opportunities for all and redress the inequalities of the past by ensuring that workforces are composed in roughly the same proportions as the groups that make up the population as a whole. In South Africa, the Employment Equity Act became law in 1998. The stated intention of the Act is to eliminate unfair discrimination, ensure employment equity and achieve a diverse workplace that is broadly representative of the country's demographic realities. The inclusion of previously disadvantaged individuals and other

designated groups (such as the physically disabled) at management level is of crucial importance to South Africa's economy to ensure that the government's economic growth targets can be achieved.

The South African government's Accelerated and Shared Growth Initiative for South Africa (AsgiSA) strategy aimed for an economic growth target of 4,5 per cent per year for 2005 to 2009, and 6 per cent per year thereafter. However, while South Africa's GDP grew by approximately 5,1 per cent in 2007, it only grew by 3,1 per cent in 2008, and then followed the rest of the world into recession. By June 2009, South Africa's GDP had decreased by an annualised rate of 6,4 per cent and, while growth has recovered somewhat, it has remained at levels not nearly high enough to achieve our national growth targets; for example, only 1,32 per cent growth was achieved in 2017.<sup>12</sup> For the South African economy to grow at the much-needed level of 6 per cent or higher, there must be enough skilled managers to drive the economy. It is widely recognised that even a moderate real economic growth rate of 2,7 per cent per year will require an additional 100 000 managers each year for the foreseeable future.

Since the traditional source of managers (the population of white males) has been decreasing in relative terms, most of the managers that are required will have to come from the black population. Since 1994, there has been a steady increase in the number of black managers. Despite this growth, the white population – especially the white male population – remains over-represented in management structures. However, these levels are changing slowly but surely. According to the Commission for Employment Equity, in South Africa in 2017, 22 per cent of senior managers were black (up from 9 per cent in 2001) and 56 per cent were white (down from 81 per cent in 2001). In 2017, females of all races accounted for only 39 per cent of senior managers (up from 20 per cent in 2001). Of professionally qualified employees in 2017, 42 per cent were black (up from 33 per cent in 2001) and 37 per cent were white (down from 56 per cent in 2001). Females represented 47 per cent of this category, up from 38 per cent in 2003.<sup>13</sup>

#### **CASE STUDY: The growth of broad-based BEE in South Africa**

It is generally accepted that ownership is by far the most successful area of transformation, with billions being spent to transfer ownership to previously disadvantaged individuals. According to research by Intellidex, by 2014 BEE ownership deals done since 2000 had created R317 billion in total value attributable to beneficiaries. By 2017, R52 billion had gone to charities, with R32,6 billion of this ending up as endowments in 27 foundations created through such deals.

A further indicator of the impact of broad-based BEE in South Africa, as highlighted by Empowerdex, is the number of black directors on the boards of JSE-listed companies. In 1992, South Africa had 15 black directors on the boards of JSE-listed companies. In 1997, there were 98. By 2003, this number had increased to 207 and in 2016, there were 1 043 black directors. However, The South African Institute of Chartered Accountants (SAICA) noted in a 2014 study that 8 per cent of all JSE-listed directorships were held by black women, 5 per cent by white women, 17 per cent by black men and 70 per cent by white men. In addition, growth in BEE appointments in directorships seems to be slowing, suggesting that a renewed focus on BEE may be required. In 2017, the top five performers on the JSE with regard to BEE were as follows:

**Sources:** Intellidex. 2017. The Empowerment Report: Special Edition. Available at <http://www.intellidex.co.za/wp-content/uploads/2018/03/MEC-2017-printed-version-editorial-only.pdf>. [Accessed 22 October 2018]; Ziady, H. 2017. BEE deals — the surprising truth. *Financial Mail*. Available

at <https://www.businesslive.co.za/fm/fm-fox/2017-06-29-bee-deals-the-surprising-truth/>. [Accessed 22 October 2018]; Dobbin, J. 2016. JSE-listed directors still mainly pale males — majorities grossly under-represented. *Mail & Guardian*. Available at <https://mg.co.za/article/2016-08-31-00-jse-listed-directors-still-mainly-pale-males-majorities-grossly-under-represented> [Accessed 22 October 2018].

**Business ethics** is a concept that is closely related to social responsibility, but where social responsibility focuses on the organisation, business ethics focuses specifically on the ethical behaviour of managers and executives in the business world. Managers, in particular, are expected to maintain high ethical standards, as they are often in positions where they can abuse their power, for example to award contracts. To make business ethics practical, many organisations nowadays have codes of business conduct to provide clear guidelines to managers on what is ethical and what is not. One common rule, for example, is that no business gifts may be accepted, or that all gifts over a certain value have to be declared. Chapter 5 will focus on social responsibility and business ethics.

While there are business concepts regulating the business environment, its employees and society as a whole, specific reference should be made to the concept of consumerism. **Consumerism** is a social force that protects consumers against unsafe products and malpractice by exerting moral and economic pressure on businesses. In South Africa, the South African National Consumer Union acts as a watchdog for consumers and many avenues for consumer protection have already been instituted, while more legislation has also been instituted to protect consumers. Some observers have suggested that the Consumer Protection Act (No. 68 of 2008), signed into law in 2011, makes South African consumers among the best-protected consumers in the world. It forces the producers of goods and services to take full responsibility for ensuring that their products and services comply with standards, and the Act enforces certain minimum warranties and indemnities to protect the buyers of goods and services.

Society has also become more concerned about **environmental sustainability** and increasingly stakeholder activism and legislation are forcing businesses to take the environment into consideration. Businesses are unfortunately frequently responsible for air, water and soil pollution, and for the resultant detrimental effects on fauna and flora. Citizens therefore often form pressure groups to protect the environment. Greenpeace is perhaps the best-known environmental pressure group globally. In November 2017 a group of 15 Greenpeace activists with nuclear barrels blocked the main entrance of the South African Department of Environmental Affairs. The protest was directed at getting the Department to withdraw the environmental authorisation for a proposed new nuclear power station at Duvnefontein.<sup>14</sup>

The business world is so interconnected with society that it may be defined as a process that uses a country's means of production to produce products and services to satisfy the needs of people. The primary purpose of business in a free-market system is, therefore, to make a profit while satisfying the needs of the people. A brief overview of the needs of communities, and of the means of satisfying these needs, is given below to explain not only the purpose of business in a market system, but also the extent of the field of **business management**, which is the focus of this book.

## 1.3 Needs and need satisfaction

### 1.3.1 The multiplicity of human needs



The continued existence of humans depends upon the constant satisfaction of numerous needs, both physical and psychological. The work that every member of a community performs is directly or indirectly related to need satisfaction. Even in the most remote and uninhabited areas, certain products and services are needed.

Needs may be very simple and few, as in the case of a rural and underdeveloped community in which individuals or families, with the help of nature, find the resources necessary to satisfy a simple need structure. For example, the traditional lifestyle of the San people of the Kalahari depends on the satisfaction of the most basic necessities for survival. However, in highly industrialised communities, needs may be numerous and may therefore require large and complex organisations to satisfy their needs. A need may have a physical, psychological or social origin, but no matter which form it takes, it requires satisfaction. The number of identifiable needs is infinite. Some needs, particularly those that are physiological, are related to absolutely basic necessities, such as the satisfaction of hunger and thirst. These needs have to be satisfied for the sake of survival. Other needs, particularly those that are psychological, relate to things that make life more pleasant, but that are not essential to survival. These needs include the need for holidays, cellphones, dishwashers, swimming pools, luxury cars, and innumerable products and services of a similar nature.

Basic physical and psychological needs may also overlap. For example, people do not wear clothes merely for warmth and protection, but also to be fashionable. Some people enjoy expensive delicacies accompanied by fine wines in luxurious restaurants and, in this way simultaneously satisfy survival needs and psychological needs.

Abraham Maslow (1908–1970) was an American clinical psychologist who explained variable and unlimited human needs by means of a hierarchy of needs. According to Maslow, human needs range, in a definite order, from the most essential for survival to the least necessary. The left-hand side of Figure 1.4 shows **Maslow's hierarchy of needs** (see section 12.7.2.2 in Chapter 12 as well). It is clear from Figure 1.4 that the needs hierarchy is composed in such a way that the order of importance ranges from basic physiological needs, which have to be satisfied for survival, to psychological needs, with which the higher levels of the hierarchy are mainly concerned. Because humans are social beings who live in communities, they also have collective needs, such as protection and education. An individual, a family or a community first satisfies the most urgent needs, and then, when this has been done, moves up to the next level until the higher psychological levels are reached. With changing circumstances, individuals not only desire more possessions, but also continually want still newer and better products and services. For example, radio offers entertainment, but black-and-white television is believed to offer better entertainment, and colour television still better entertainment. Once these products and services have been acquired, however, the need arises for a DVD player, more television channels and content – as evidenced in the phenomenal growth of DStv and Netflix – and more and better programmes. As society satisfies one need, a new one comes into existence, and there is no end to the constantly increasing number of human needs.

Table 1.1 below indicates some of the needs people (households) have and what they spend their income on. It is interesting to note that in 2014/2015, South African households spent, on average, about 13 per cent of their income on food, which satisfies one of the most basic needs. However, in higher-income households relatively less is spent on food, and more is spent on entertainment and other discretionary activities, while lower-income households spend comparatively more on food as a percentage of their income. It is important to keep in mind that the percentages given in Table 1.1 are

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of average household consumption. Since South Africa has a diverse population, it also has diverse needs and consumption patterns. From Table 1.1 we can also see how needs change over time for various reasons. For example, expenditure on housing, water, electricity, gas and other fuels has increased sharply, due, *inter alia*, to dramatic increases in electricity tariffs, higher estimation of house values leading to higher property taxes, and higher rental prices. Increased spending in one area leads to decreased spending in other areas, and we can see how relative spending on food, clothing and household maintenance have decreased.

**Table 1.1:** Expenditure patterns for South African households

Products and services bought	Expenditure in 2005/6 as % of total expenditure	Expenditure in 2014/15 as % of total expenditure
Food and non-alcoholic beverages	14,4	12,9
Alcoholic beverages and tobacco	1,02	0,9
Clothing and footwear	5,0	4,8
Housing, water, electricity, gas and other fuels	23,6	32,6
Furnishings, household equipment and routine maintenance of the house	6,9	5,2
Health	1,7	0,9
Transport	19,9	16,3
Communication	3,5	3,4
Recreation and culture	4,6	3,8
Education	2,4	2,5
Restaurants and hotels	2,2	2,1
Miscellaneous products and services	14,4	14,7
Other unclassified expenses	0,3	0,1
<b>Total</b>	<b>100</b>	<b>100</b>

**Source:** Statistics South Africa. 2017. *Living conditions 2014/15*. Statistical Release P0310. Available at <http://www.statssa.gov.za/publications/P0310/P03102014.pdf>. [Accessed 22 October 2018].

### 1.3.2 Society's limited resources

If one considers the multiple and unlimited needs of humans, especially in highly developed societies, it is clear that there are only limited resources available to satisfy all their needs. Although Western countries, most notably the United States, possess



very impressive means of production, even they do not have unlimited resources. Water is a key resource to individuals and businesses alike, yet water scarcity is a potentially massive problem facing both South Africa and the world, as we can see in the case study below: 'Keeping Cape Town's taps running'.

A country has only a certain number of people in its workforce to operate a certain number of machines, and a certain number of factories, hospitals and offices to produce a certain quantity of products and services. In other words, the resources of any community are scarce, and can easily be exceeded by its needs. Resources are therefore the basic inputs in the production of products and services, and they are also known as production factors.

Figure 1.4 shows the resources that society possesses in limited quantities only and which it uses to satisfy its needs: natural resources, human resources, capital and entrepreneurship. These resources are discussed in more detail below.

#### **Figure 1.4:** The needs and resources of the community

**Source:** Compiled from information in the chapter.

##### 1.3.2.1 Natural resources

**Natural resources**, also known as the production factor of land, include agricultural land, industrial sites, residential stands, minerals and metals, forests, water and all such resources that nature puts at the disposal of human kind. The most important characteristic of natural resources is that their supply cannot be increased. In other words, the amount of natural resources any one country possesses is given, and is in most cases, therefore, scarce. Moreover, human effort is usually necessary to process these resources into need-satisfying products – for example, in the transformation of forests into timber and paper or, in the case of the airline industry, the refining of oil to produce the jet fuels that aeroplanes need to fly. In the process, natural resources are depleted and may become even scarcer.

##### 1.3.2.2 Human resources

**Human resources**, also known as the production factor of labour, include the physical and mental talents and skills of people employed to create products and services. People receive wages for their labour. The size of the labour force of any country and, therefore, in a sense, the availability of that production factor, is determined by, among other things, the size of the population, the level of its education and training, the proportion of women in the labour force and the retirement age. For the manufacturing processes of a country to be of any value, the country's labour force has to be trained for certain periods and to certain levels of skill to be able to produce the products and services required. Training periods will differ depending on the skill being learnt. For example, the training period of a flight attendant will be considerably shorter than the training period of a pilot. The combination of human skills is of particular importance, for without this combination, natural and financial resources cannot be utilised productively. In South Africa we have a situation where there is an oversupply of unskilled labour and a shortage of certain types of highly skilled labour.

**CASE STUDY: Keeping Cape Town's taps running**

In the summer of 2017, Cape Town faced a severe water crisis with dams drying up and predictions at one point suggesting that the metro was only days away from running out of water. The drought forced the city and its residents to seriously consider their water usage habits, and to start investigating other options for a sustainable water supply, such as the desalination of seawater. However, alternatives like desalination are expensive. For example, at the Adaptation Futures 2018 conference, Gisela Kaiser, the City of Cape Town's Executive Director for Water and Waste, said that a small temporary desalination plant will take three months and cost R350 million to raise the level of Cape Town's supply dams by just one per cent. The city is also trying to build resilience in Cape Town's water supply, for example by reclaiming storm water - rainfall that usually runs into drains and out to sea.

The availability of surface water in the Western Cape water supply system has been reduced by climate change (resulting in less rain) and the invasion by alien vegetation in water catchment areas. Cape Town is by no means alone in this crisis. Australian city Perth's annual rainfall has been declining by 3mm a year on average, while average temperatures in the region have increased by 1°C in the last 40 years. Perth subsequently relies less on dams and more on desalination and groundwater for their water supply.

Whilst the urban water problem might appear to be a Cape Town-specific problem, Hastings Chikoko, Regional Director for C40 Cities in Africa, has commented that one in four large cities globally are water stressed.

**Sources:** Compiled from information in Gosling, M. 22 June 2018. Getting below the surface of the Cape Town water crisis. *News 24*. Available at <https://www.news24.com/SouthAfrica/News/getting-below-the-surface-of-the-cape-town-water-crisis-20180622> [Accessed 22 October 2018]; Adaption Futures. 2018. 5th International Climate Change Adaptation Conference. Cape Town 18 - 21 June. Available at <https://adaptationfutures2018.capetown/>; Water outlook 2018 report. 2018. Department of Water and Sanitation. City of Cape Town. Available at [http://resource.capetown.gov.za/documentcentre/Documents/City%20research%20reports%20and%20review/Water%20Outlook%202018\\_Rev%2030\\_31%20December%202018.pdf](http://resource.capetown.gov.za/documentcentre/Documents/City%20research%20reports%20and%20review/Water%20Outlook%202018_Rev%2030_31%20December%202018.pdf).

### 1.3.2.3 Capital

**Capital** is represented by the buildings, machinery, cash registers, computers and other products, produced not for final human consumption, but for making possible the further production of final consumer products. Capital products usually have a long working life – for example, office buildings, factories, machinery and other equipment may be used over and over again in the production process. In the airline industry, capital usually has an exceptionally long working life, but also comes at a very high price. The reason for the scarcity factor of capital is that a community takes years to build up its stock of capital. Every year it spends a certain amount on things such as roads, bridges, mine shafts, factories and shopping centres, and there is always a shortage of these things. The owners or suppliers of capital are usually remunerated in the form of interest or rent.

### 1.3.2.4 Entrepreneurship

**Entrepreneurship** is the fourth factor of production. It refers to the collective capacity of entrepreneurs, who are those individuals who accept the risks involved in providing products and services for their society. Entrepreneurs like Simbarashe Mhuriro (see box Entrepreneurship in solar power) take the risk of providing their knowledge and capital in setting up a business with the prospect of being rewarded with significant profits if they are successful. On the other hand, if they do not succeed, they may lose a lot. The production factor of entrepreneurship is scarce in the sense that not everybody in a community is prepared to take the risks that are inevitable when providing new products or services, or has the ability to manage an organisation successfully. Although the contemporary focus on entrepreneurship is mainly on small and medium

businesses, entrepreneurs are not limited to these. A large or corporate business is also a place for entrepreneurship. (See Chapter 2 for a more detailed discussion on entrepreneurs and entrepreneurship.)

### Entrepreneurship in solar power

Simbarashe Mhuro is the founder and Managing Director of Oxygen Energy Private Limited, an independent power producer and renewable energy development company that specialises in utility scale power plants and industrial and commercial rooftop projects. In 2017, the African Development Bank (AfDB)-managed sustainable energy fund for Africa (SEFA) approved a US\$ 965,000 grant to Oxygen Energy Private Limited. The grant will enable the preparation of a bankable business case for the development of a 20MW off-grid solar photovoltaic rooftop project on buildings owned and managed by Old Mutual Property Group, the largest property investment managers in Zimbabwe. When the project is completed, it will provide reliable and competitive solar power to hundreds of small- and medium-sized enterprises throughout Zimbabwe.<sup>15</sup>

### 1.3.3 Need satisfaction: A cycle

To be able to satisfy the needs of the community, entrepreneurs have to utilise scarce resources in certain combinations to produce products and services. Economic value is created in the course of the production process by combining production factors in such a way that final products are produced for consumers. A nation's survival depends on the satisfaction of its people's needs. Striving for need satisfaction with the limited resources available is an incentive for economic progress.

Given its unlimited needs but limited resources, society is confronted with the fundamental **economic problem**: how to ensure the highest possible satisfaction of needs with these scarce resources. This is also known as the **economic principle**. Society cannot always get what it wants, so it must choose how it will use its scarce resources to the maximum effect to satisfy its needs. In short, it has to decide about solving the following economic issues:

- Which products and services should be produced, and in what quantities? (How many capital products should be produced? How many consumer products should be produced? Should railways or trucks, houses or flats be built? If flats are chosen, how many should be built?)
- Who should produce these products? (Should the state or private individuals take charge of production? Or should this responsibility be shared, as in the case of South Africa's airline industry?)
- How should these products and services be produced, and which resources should be used? (There are various methods of production and types of resources that should be considered. For example, should a production-line method be chosen? Should a labour-intensive approach be used?)
- For whom are these products and services to be produced? (Will the products cater largely for the needs of the rich or the poor? Will services be aimed at business clients or families?)

The answers to address the economic issues listed above are given by the community. The **community** decides which **institutions** should be responsible for the production and distribution of products and services, as well as the role that each institution has to play. In South Africa we are constantly seeing debates around nationalisation and privatisation, with some arguing that strategic sectors (such as mines and banks) should be controlled by government (nationalised), while others argue that key state assets such as Eskom can only reach its full potential if it is not controlled by the state but by

private investors (privatisation). This is an example of a community seeking an answer to the question of who should produce these products or services – the state, private enterprise, or a combination of the two.

Figure 1.5 shows how, against the background of its needs, and by means of its political process, the community determines the **economic system** in which the necessary need-satisfying institutions are established.

In a market economy, need-satisfying institutions, including business organisations and government organisations, offer products and services on the market in return for profit. If the community is not satisfied with the way in which these organisations provide for its needs, it will change the economic system or choose a new need-satisfying system. The appearance of new businesses and the disappearance of others are examples of this cycle of need satisfaction in the community.

Another example of this cycle at work that illustrates the community getting what it wants occurred in the form of South African businesses offering longer shopping hours from 1965 onwards. This change occurred because of the large-scale urbanisation of South African society and the participation of women in the labour markets. These women found the opportunity to shop on Saturday afternoons and Sundays very useful.

### **Figure 1.5:** The cycle of need satisfaction in a community

**Source:** Compiled from chapter content.

Over the years, different communities have developed different approaches in order to satisfy their needs, and different economic systems have been tried and tested. Each of these systems, as chosen by various communities to satisfy specific needs, has its own approach to the fundamental economic problem of which products and services should be provided by whom and for whom. The study of these systems constitutes the field of economics as a social science and examines the means used to satisfy innumerable human needs with limited resources. Business management, in contrast, is concerned with the institutions that are created in the economic system to satisfy the needs of a community, and these are mainly business organisations.

To provide some necessary background to the study of business management and the role of business organisations in society, a brief overview of the different economic systems now follows.

#### **The changing need for communication**

The needs of society ultimately culminate in products or services that satisfy particular needs. A case in point is cellphones. People have a basic need to communicate and, where this is possible, to communicate with individuals over long distances. During most of the last century, the only way this could be done was by means of the telephone, where the caller first had to call a specific building (house or office) and then wait for the relevant person to answer, or to be found by whoever answered the phone. The cellphone was, therefore, a response to the need to communicate immediately with a specific individual, without the inconvenience of having to locate the person first or the frustration of dealing with inoperative telephone lines.

As consumer needs have evolved, so did the design and functionality of cellphones and other mobile devices. Cellphones are no longer just a means of communication. The emergence of new mobile technologies in the form of smart phones (like the Samsung S-series and the iPhone) and tablets (such as the iPad and Samsung Galaxy Tab) have taken

mobile communication to a new level. Nowadays, cellphones also serve as high-megapixel cameras, radios, music players, memory cards, email and Internet access devices, geographical positioning systems (GPS), and online banking devices.

It is interesting to note that in 2018, the number of cellphones in South Africa exceeded the population. At the same time, the number of cellphones seems to be declining, while the use of smart devices like the iPhone is on the rise as consumer needs change and they exchange their mobile phones for smart phones or tablets. Internet access is on the rise, with about 56 per cent of South Africans using the Internet in some form. The importance of, and increase in data usage is reflected by the fact that more than 75 per cent of Internet traffic is generated by mobile devices. <sup>16</sup>

## 1.4 The main economic systems

### 1.4.1 The community and its economic system

Every community is engaged in a struggle for survival that is necessitated by scarcity. Therefore, each community needs to have a complex mechanism that is constantly dealing with the complicated task of ensuring that the production and distribution of products occurs. Each country is confronted with the fundamental economic problem of which economic system to choose to solve the problem of which products should be produced and marketed by which producers for which consumers. Each country must decide on some system to solve that problem.

Over the years, countries and communities have approached need satisfaction in different ways. There are three main approaches that are still followed by present-day communities for the solution of their fundamental economic problems. They are the market economy, the command economy and socialism. While these economic systems are often incorrectly referred to as political ideologies, they should rather be described as economic systems influenced by politics. It is necessary to take a brief look at these systems to understand the origin and role of business organisations in society. As none of these economic systems is ever found in a pure form, the discussion that follows is merely an exposition of the basic premises of each system.

### 1.4.2 The market economy

One of the economic systems adopted for solving economic problems is the market economy, also known as the free-market economy or free-enterprise system.

It is a system in which most products and services demanded by a community are supplied by private organisations seeking profits. It functions on the following assumptions:

- Members of a community may possess assets and earn profits on these.
- The allocation of resources is affected by free markets.
- Members of the community can freely choose between products, services, places of residence and careers.
- The state keeps its interference in the system to a minimum.

In the market economy, particular value is attached to the right of individuals to possess property such as land, buildings, equipment or vehicles, including the right to earn an income from this property. This right is also the driving force of the market economy: it stimulates individuals and entrepreneurs to acquire more assets and to make a profit through the productive utilisation of their assets or their capital. In the pursuit of maximum profits, this capital, which is nothing other than the resources of the community, is applied as productively as possible.



This aspect also affects the distribution of resources through free markets. The private possession of capital has an important influence on the manner in which resources are allocated or employed in a market economy, as the decisions about what products should be produced by which producers rest with those who own the resources.

This means that farmers, factory owners, industrialists and individuals are free to do what they like with their assets. However, in their decisions concerning production and marketing, they have to take account of the tastes, preferences and other demands of consumers if they want to make a profit. Thus, the question of which consumers' needs should be met (for whom?) is answered. Such decisions in a market economy are not taken by some central body but by a system of free markets, which indirectly puts a price on every production factor or consumer product.

Free markets also imply the third characteristic of this system: freedom of choice. The producers are able to decide whether they can profitably produce their products at the prices set by the market. This is the producers' free choice. Likewise, the consumer is free to choose whether to buy the product at that price. The consumer is also free to live where he or she wishes and to study and train for whichever career he or she wants to follow. A system of free markets therefore necessarily entails freedom of choice. Private owners of property are free to own what they like and to do with it as they please: rent it out, sell it, exchange it or even give it away. People with businesses are free to produce what they wish and to employ whomever they choose. Similarly, workers, who own their labour, can use this human resource as they choose. In this way, **competition** comes into operation in a system of free markets.

The final characteristic of a free-market economy is minimum state interference in markets. The assumption is that the state should merely ensure the proper maintenance of the system without excessive regulation of, or even participation in, the business world.

However, market economies are not all about good news. With the global financial crisis in 2008, free market economic systems (capitalism) came in for a lot of criticism, as the perception developed (with good reason) that bankers took huge and unsustainable risks based on little but greed, and when the system collapsed the state and ordinary people had to bear the cost. Capitalism has also been criticised for creating inequalities in society between rich and poor, the very aspect that movements like Occupy Wall Street opposed so strongly. More recently in South Africa, Adv Terry Motau SC and Werksmans Attorneys produced a damning report into fraud, probable money laundering and reckless business practices at VBS Mutual Bank, finding that more than 50 people unjustifiably and illegally received almost R2-billion between 2015 and 2018, leading to the collapse of the institution.<sup>17</sup> The VBS Mutual Bank scandal has once again illustrated how corruption and greed led to massive losses for local governments (many of them serving poor communities) and lower income individuals who had their savings deposited at the institution.

### 1.4.3 The command economy

The second type of economic system is a **command economy** or a centrally directed economic system. Adopted by some countries as an alternative to a market economy, it was until recently known as communism. Its main characteristic is that the state owns and controls the community's resources or factors of production.

A command economy is a system of communal ownership of a country's factors of production in which the individual owns no property, with the exception of private

domestic assets. This means that individuals own no land, factories or equipment. The state assumes complete responsibility for the production and distribution of products and services, and all decisions about what should be produced – and about how, by whom and for whom it should be produced – rest with a central government.

The choices of products and services are therefore limited to what the state offers; the design of these products falls entirely outside the control of ordinary individuals. It is the state that decides what the needs of the community are, how and where the desired products will be obtainable, and in which quantities they may be used. In the absence of free consumer choice, the profit motive is also absent, as is the competition factor, because, as mentioned above, the state owns the organisations that produce the products and services.

In most countries that adopted a command economy, the system failed because it robbed individuals of the initiative to produce products and services, and it prevented the creation of wealth. The poverty of the Soviet Union and other Eastern European countries and their collapse in the late 20th century is evidence that the system did not create wealth. Command economies are, nevertheless, still officially adhered to in Cuba, North Korea and some African states.

#### 1.4.4 Socialism

**Socialism** is the third economic system, and may be regarded as a compromise between a pure market economy and a pure command economy. Under socialism, the state owns and controls the principal (generally strategic) industries and resources, such as manufacturers of steel, transportation, communications, health services and energy. Less important and smaller matters such as trade and construction, as well as the production of materials and services of lesser strategic importance, are left to private initiative. In socialism, the fundamental assumption is that strategic and basic resources should belong to every member of the community. For the rest, businesses and consumers operate within free markets in which they are at liberty to make decisions without restriction. Although consumers in a socialist economy have greater freedom of choice than those under a command economy, the provision of the basic products and services by the state is a limiting factor in the creation of wealth.

#### A free economy creates wealth

The Heritage Foundation and *Wall Street Journal's* 2018 Index of Economic Freedom<sup>18</sup> measures how well 180 countries score on an analysis of 10 specific components of economic freedom. These components include business freedom, trade freedom, fiscal freedom, government size, monetary freedom, investment freedom, financial freedom, property rights, freedom from corruption and labour freedom. Taken cumulatively, these factors offer an empirical snapshot of a country's level of economic freedom.

Scores are given out of 100, where 100 and 0 represent the maximum and minimum freedom of an economy respectively. The results demonstrate beyond doubt that countries with the highest levels of economic freedom also have the highest living standards.

Out of all the regions, sub-Saharan Africa scored the lowest on the 2018 Index of Economic Freedom, with an average of 54,4. Mauritius was the highest-ranking African country, scoring 75,1 (down from 76,4 in 2015), making it the 21st freest economy in the world (down from 10th in 2015). The leader in sub-Saharan Africa, Botswana (with 69,9) was second in the region and was rated 35th in the world. South Africa was ranked fourth in the region with a score of 63 and ranked 77th in the world – down from 61st in 2009. Given that South Africa slipped 5 places despite its rating remaining about the same as in 2015, it would seem as if there is a trend for economies to become freer in general. A comparison of 20 selected country economic freedom ratings is presented in Figure 1.6.

The Heritage Foundation remarked that South Africa's economic growth has decelerated because of declining global competitiveness, growing political instability and weakened rule of law. This caused the country's investment-grade credit rating to be downgraded to junk status in 2017, denting investor confidence. South Africa is also plagued by rising public debt, inefficient state-owned enterprises and spending pressures, while the judicial system is increasingly vulnerable to political interference. The numerous scandals (such as the investigation into state capture) and frequent political infighting have severely undermined the integrity of government. Countries with high scores on the Index of Economic Freedom generally earn higher incomes per capita. For example, Hong Kong, which is listed as the freest economy in the world, had an average GDP per capita in 2018 of US\$58 322. Countries with lower scores generally produce and earn much less. South Africans, for example, had a GDP per capita of only US\$13 225 per capita in 2018.

**Figure 1.6:** 2018 assessment of economic freedom of different countries

**Source:** Heritage Foundation. 2018 Index of Economic Freedom. Available at <http://www.heritage.org/index/ranking> [Accessed 22 October 2018]. Reprinted by permission of the Heritage Foundation.

### 1.4.5 Mixed economies

None of the three main economic systems in use occurs in a pure form anywhere. They typically occur as **mixed economies**, with the dominant system incorporating certain characteristics of the other systems. Thus China, which officially has a command economy, employs private initiative, while growing state intervention in key industries in the major market economies of the world (especially after the global financial crisis) is no strange phenomenon. The USA is often regarded as a beacon of a free market economy, while it is in fact a mixed economy.

Figure 1.7 shows the relative success of various countries with different economic systems. Citizens in high-income countries earned about \$47 510 per capita in 2018, and are usually free market economies (such as Hong Kong and the USA) or developed socialist or mixed economies such as the USA, Sweden and the UK. In comparison, the poorest countries had a GNI of only about \$2 085 per capita, and consist mostly of economies that are not free (such as North Korea) or are only just emerging from command economies (such as Ethiopia and Mozambique). The findings depicted in Figure 1.7 seem to support the notion that wealth is generally best created by a well-functioning market economy, while predominantly command economies have not succeeded in creating significant wealth.

Countries such as South Africa, China and Brazil, with unique economic systems, rate about midway between the richest and poorest countries of the world. Several factors, including education, culture and work ethic, affect the prosperity of any particular country, but Figure 1.7 shows that countries with well-functioning market economies are generally wealthier than others.

**Figure 1.7:** A comparison of the gross national income per capita in 2017 of people in a variety of economic systems



**Sources:** Adapted from information obtained from the World Bank Doing Business data. Available at <http://www.doingbusiness.org/en/data>; [www.doingbusiness.org](http://www.doingbusiness.org) and the World Bank data on GNI. Available at <https://data.worldbank.org/indicator/NY.GNP.PCAP.PP.CD?locations=CU>. [Accessed 24 October 2018].

### 1.4.6 The state and economic systems

The fact that under both the market system and socialism the state intervenes to help solve the economic problem does not mean that there is necessarily a tendency to move in the direction of a command or centrally directed economy. There are two conflicting views of the role of the state in economic systems. A **conservative** perspective argues that the role of the state should be extremely limited. This view questions the government's ability to solve social and economic problems and argues that the state's role should be carefully limited to what is absolutely necessary. However, there are certain key shortcomings inherent in the conservative view and the free markets it advocates:<sup>19</sup>

- Free markets are subject to economic fluctuations, unemployment and inflation.
- This view creates economic inequality as income is distributed unequally.
- Markets are not always subject to perfect competition and where monopolies or imperfect competition is present, resources may be allocated inefficiently.
- Markets deal poorly with the side effects of economic activity, such as pollution.
- There are certain public goods that the market cannot provide, such as national defence and the justice system.

The **liberal** view points out these important limitations of the market system, and claims that governments can do a great deal to overcome these limitations, such as regulating private economic activity and providing goods and services of which the private sector produces too little. Examples of possible necessary government interventions may include the protection of natural resources by preventing pollution, the restriction of monopolistic practices by ensuring competition, and the protection of consumers against false or misleading information and exploitation. The state can also assist businesses by stimulating the economic system (for example, through promoting exports, encouraging the creation of small businesses, assisting research and granting subsidies). Essentially, government intervention in the economic system should aim to encourage economic growth and stability and effect greater equity in the distribution of income.

A much-debated form of government intervention takes place when the state does not limit itself to the above-mentioned activities, but acts as an entrepreneur and business owner in its own right and even competes with other privately owned businesses. The state does this in the areas of transport services, electricity supply, arms manufacture, broadcasting and television services, and many other industries in South Africa.

The main reasons usually advanced for government intervention is that the private entrepreneur is not interested in these activities and may not even be capable of carrying them out. This may be because of the enormous scale of the businesses that produce services such as transport and electricity, and the corresponding risks attached to them. It is also argued that some organisations are of such strategic importance to the community that they cannot be left to profit-seeking private entrepreneurs.

However, these arguments do not entirely justify a regular and continuous entrepreneurial role played by government. If any such intervention by the state is carried to excess, the result is a bureaucracy that affects national productivity adversely

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# Exploring the Variety of Random Documents with Different Content

He takes de basket to de camp  
For rations ebery night.

Dey fought him when he loud and strong,  
Dey fed him when he low:  
Dey say dey will forgive the wrong,  
An' bid him'pent an' go.  
Praise de Lord! Praise de Lord!  
Dey hid him'pent an' go.

De rice is higher far dis year,  
De cotton taller grow;  
De lowest corn-silk on de ear  
Is higher than de hoe.  
De Lord he lift up every ting  
'Cept rebel in his grave;  
De negro bress de Lord, an' sing:  
He is no longer slave.  
Praise de Lord! Praise de Lord!  
De negro no more slave."

13. Our Colored Troops: Deserving of freedom because they fight like men.

Response by Lieut. Wakeman.

Song: "Babylon is fallen."

The party, after selecting a few simple trophies, such as fig-branches for walking-canes, large pond-lilies, flowers, wreaths, and bouquets, returned to the landing, and re-embarked for Vicksburg.

## ***CLOSING EXERCISES.***

On the boat, the following business was transacted:—

Vote of thanks to Col. Thomas and staff for getting up the celebration; to the Orator of the Day, Parson Livermore; to the President, Rev. Dr. Warren, who made a brief response; and also to Capt. Wightman and officers of "The Diligent."

The following song was then sung by a young contraband:—

"We heard de proclamation, massa hush it as he will:  
De bird he sing it to us, hoppin' on de cotton-hill;  
And de possum up de gum-tree he couldn't keep it still.

Father Abraham has spoken, and de message has been sent;

Do prison-doors he opened, and out de prisoners went  
To joinde sable army of de 'African descent.'

Dey said, 'Now colored bredren, you shall be forever free,  
From the first of January, eighteen hundred and sixty-three:'

We heard it in do riber goin' rushin' to de sea.

Den fall in, colored bredren, you'd better do it soon;  
Don't you hear de drum a-beatin' de Yankee Doodle tune?  
We are wid you now dis mornin'; we'll lie far away at noon."

Cheers were given for Abraham Lincoln, and groans for Jeff. Davis.

The song, "The House that Jeff. Built," was again sung; and Capt. Gilpin, Commissary of Subsistence, appointed a committee to furnish a copy of the same to "The New-York Tribune," and also to Jeff. Davis.

Capt. Henry S. Clubb, Assistant Quartermaster, was appointed a committee to furnish a report of the proceedings of the day to "The Vicksburg Daily Herald."

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## CHAPTER XXXIX—GALLANTRY, LOYALTY, AND KINDNESS OF THE NEGRO.

*The Nameless Hero at Fair Oaks.—The Chivalry whipped by their Former Slaves.—Endurance of the Blacks.—Man in Chains.—One Negro whips Three Rebels.—Gallantry.—Outrages on the Blacks.—Kindness of the Negroes.—Welcome.*

**T**he gallantry and loyalty of the blacks during the Rebellion is a matter of history, and volumes might be written upon that subject. I give here a few instances out of the many I have gathered:—

“At the bloody battle of Fair Oaks, Va., the rebels, during the first day’s fight, drove Gen. Casey’s division from their camping-ground, and rested for the night, confident that the morrow would give them a chance to drive the Yankee invaders beyond the Chickahominy; but, just at daylight that morning, Heintzelman’s corps re-enforced our line, and at daybreak were hurled against the rebel foe. For a long time, the issue was doubtful; the line swayed to and fro; but at last the Excelsior Brigade the heroes of Williamsburg—were ordered to charge. That charge is a matter of history. It gave us the battleground of Fair Oaks.

“During the month of June, that brigade held the ground they won, and skirmishes with the rebels were of daily occurrence. One afternoon, word was sent to Gen. Sickles that the enemy was advancing in force, and every preparation was at once made for battle. A few shots were heard from pickets but a few hundred yards in advance of our battery, and then all was quiet. What meant that quietness? What were the rebels doing? Several orderlies sent out to the pickets failed to bring any satisfactory intelligence. Gen. Sickles

turned to Lieut. Palmer, one of his aides, and acting assistant adjutant-general, and directed him to take a squad of cavalry, and ride cautiously out to the first bend in the road, and communicate with our pickets.

"Palmer was a noble fellow,—young, handsome, a perfect gentleman, a graceful rider, a gallant soldier. He was the pride of the brigade. Forgetful of the caution given him, with the impetuosity characteristic of youth, he dashed forward at a full gallop, with sabre drawn. He came to the first bend in the road, and (fatal mistake) kept on. He came to the second bend, and, as he turned it, directly across the road was a company of rebel infantry drawn up to receive him. They fired. One ball crashed through that handsome face into his brain, while another tore the arm that bore aloft his trusty blade.

"The shots were heard at the battery; and in a moment Palmer's riderless horse, bleeding from a wound in its neck, galloped from the woods, followed by the squad of cavalry, who told to the general the untimely fate of his aide.

"'Boys,' said the general to the veterans who clustered around to hear the story, 'Lieut. Palmer's body lies out in that road.' Not a word more needed saying. Quickly the men fell in, and a general advance of the line was made to secure it.

"Whilst the cavalrymen were telling the story, a negro-servant of Lieut. Palmer's was standing by. Unnoticed, he left the group; down that road, the Williamsburg Turnpike, he went. He passed our picket-line, and alone and unattended he walked along that avenue of death to so many, not knowing what moment he would be laid low by a rebel bullet, or be made a prisoner to undergo that still worse death, a life of slavery. Upon the advance of our line, that faithful servant was found by the side of his dead master,—faithful in life, and faithful amid all the horrors of the battle-field, even in the jaws of death.

"None but those who knew the locality—the gallant men that make up Hooker's division—can appreciate the heroism that possessed that contraband. That road was lined with sharpshooters.



A wounded man once lay in it three days, neither party daring to rescue him. The act of that heroic, unknown (I regret that I cannot recall his name) but faithful contraband, was one of the most daring of the war, and prompted by none other than the noblest feelings known to the human breast."—New-York Independent.

*"In Camp, Bermuda Hundred, Va., May 26, 1864.*

"The chivalry of Fitzhugh Lee, and his cavalry division, was badly worsted in the contest last Tuesday with negro troops composing the garrison at Wilson's Landing. Chivalry made a gallant fight, however. The battle began at half-past twelve, p.m., and ended at six o'clock; when chivalry retired, disgusted and defeated. Lee's men dismounted far in the rear, and fought as infantry. They drove in the pickets and skirmishers to the intrenchments, and several times made valiant charges upon our works. To make an assault, it was necessary to come across an 'open' in front of our position, up to the very edge of a deep and impassable ravine. The rebels, with deafening yells, made furious onsets; but the negroes did not flinch, and the mad assailants, discomfited, turned to cover with shrunken ranks. The rebel fighting was very wicked. It showed that Lee's heart was bent on taking the negroes at any cost. Assaults on the centre having failed, the rebels tried first the left and then the right flank, with no greater success. When the battle was over, our loss footed up one man killed outright, twenty wounded, and two missing. Nineteen rebels were prisoners in our hands. Lee's losses must have been very heavy. The proof thereof was left on the ground. Twenty-five rebel bodies lay in the woods unburied; and pools of blood unmistakably told of other victims taken away. The estimate, from all the evidence carefully considered, puts the enemy's casualties at two hundred. Among the corpses Lee left on the field was that of Major Breckinridge, of the Second Virginia Cavalry.

"There is no hesitation here in acknowledging the soldierly qualities which the colored men engaged in this fight have exhibited. Even the officers who have hitherto felt no confidence in them are compelled to express themselves mistaken. Gen. Wild, commanding

the post, says that the troops stood up to their work like veterans.”—*Correspondence of the New-York Times*.

“The conduct of the colored troops, by the way, in the actions of the last few days, is described as superb. An Ohio soldier said to me to-day, ‘I never saw men fight with such desperate gallantry as those negroes did. They advanced as grim and stern as death; and, when within reach of the enemy, struck about them with a pitiless vigor that was almost fearful.’ Another soldier said to me, ‘These negroes never shrink nor hold back, no matter what the order. Through scorching heat and pelting storms, if the order comes, they march with prompt, ready feet.’ Such praise is great praise, and it is deserved. The negroes here who have been slaves are loyal to a man, and, on our occupation of Fredericksburg, pointed out the prominent secessionists, who were at once seized by our cavalry, and put in safe quarters. In a talk with a group of these faithful fellows, I discovered in them all a perfect understanding of the issues of the conflict, and a grand determination to prove themselves worthy of the place and privileges to which they are to be exalted.”—*New-York Herald*.

*"Carrollton, La., June 2, 1864.*

“I am writing in the camp of the Twelfth Connecticut Regiment, and about here are encamped the Nineteenth Army Corps, under marching-orders for Morganza, near the mouth of the Red River. In this tent sits a man,—unfortunate because black,—once a slave, but free now, a member of the grand army of the United States, who is courageous, and who will wield a sword or thrust a bayonet as vigorously as any, because he has suffered so bitterly at the hands of those who would crush his race. His crime was remonstrating with his master for beating his wife. When our men found him, he was sitting on the floor, two long chains passing over his shoulders, and fastened to a staple; and over him stood four soldiers with muskets to prevent his escape. He is not only faithful; but he is gentlemanly, intelligent, and interesting in conversation and appearance. His brave heart is full of patriotism, and he is willing to serve or die for his country.”—*Springfield Republican*.

An instance of the daring of negroes in that section is told by a Lake Providence (Louisiana) correspondent of "The Philadelphia Inquirer:"—

"Recently a black man, after several days' urgent request for a musket and rounds of ammunition, succeeded in securing his wish. He set out in the night, and by morning reached the vicinity of a rebel guard. He crept cautiously forward, but was seen and watched. Suddenly the sharp crack of rifles brought him to his feet. Before him were three rebel soldiers. He instantly brought his musket to his shoulder, and fired. One rebel fell dead. The negro, by the time the bewilderment of the other two had passed off, was upon them with uplifted musket, threatening them with its immediate descent, unless they surrendered at once. They acquiesced in a hurry. Leaving the dead rebel to the dogs, with the other two in tow, the negro returned to our lines, and delivered them to the authorities. Since this exploit, the negro has made himself useful in scouting and bringing in information."

A correspondent, of "The Cleveland Leader," writing from the headquarters of the Fifty-ninth United-States Infantry (colored) at Memphis, under date of June 15, gives a detailed and graphic account of the brave fight of the colored troops in Gen. Sturgis's command, fully confirming previous accounts. The following is a material part of the statement:—

"About sunrise, June 11, the enemy advanced on the town of Ripley, and threatened our right, intending to cut us off from the Salem Road. Again the colored troops were the only ones that could be brought into line; the Fifty-ninth being on the right, and the Fifty-fifth on the left, holding the streets. At this time, the men had not more than ten rounds of ammunition, and the enemy were crowding closer and still closer, when the Fifty-ninth were ordered to charge on them, which they did in good style, while singing,—

'We'll rally round the flag, boys.'

"This charge drove the enemy back, so that both regiments retreated to a pine-grove about two hundred yards distant.

"By this time, all the white troops, except one squadron of cavalry, that formed in the rear, were on the road to Salem; and, when this brigade came up, they, too, wheeled and left, and in less than ten minutes this now little band of colored troops found themselves flanked. They then divided themselves into three squads, and charged the enemy's lines; one squad taking the old Corinth Road, then a by-road, to the left. After a few miles, they came to a road leading to Grand Junction. After some skirmishing, they arrived, with the loss of one killed and one wounded.

"Another and the largest squad covered the retreat of the white troops, completely defending them by picking up the ammunition thrown away by them, and with it repelling the numerous assaults made by the rebel cavalry, until they reached Collierville, a distance of sixty miles. When the command reached Dan's Mills, the enemy attempted to cut it off by a charge; but the colored boys in the rear formed, and repelled the attack, allowing the whole command to pass safely on, when they tore up the bridge. Passing on to an open country, the officers halted, and re-organized the brigade into an effective force. They then moved forward until about four, p.m.; when some Indian flank skirmishers discovered the enemy, who came up to the left, and in the rear, and halted. Soon a portion advanced, when a company faced about and fired, emptying three saddles. From this time until dark, the skirmishing was constant.

"A corporal in Company C, Fifty-ninth, was ordered to surrender. He let his would-be captor come close to him; when he struck him with the butt of his gun.

"While the regiment was fighting in a ditch, and the order came to retreat, the color-bearer threw out the flag, designing to jump out and get it; but the rebels rushed for it, and in the struggle one of the boys knocked down with his gun the reb who had the flag, caught it, and ran.

"A rebel, with an oath, ordered one of our men to surrender. He, thinking the reb's gun was loaded, dropped his gun; but, on seeing the reb commence loading, our colored soldier jumped for his gun, and with it struck his captor dead.

"Capt. H., being surrounded by about a dozen rebels, was seen by one of his men, who called several of his companions: they rushed forward and fired, killing several of the enemy, and rescued their captain.

"A rebel came up to one, and laid, 'Come, my good fellow, go with me and wait on me.' In an instant, the boy shot his would-be master dead.

"Once when the men charged on the enemy, they rushed forth with the cry, Remember Fort Pillow.' The rebs called back, and said, 'Lee's men killed no prisoners.'

"One man in a charge threw his antagonist to the ground, and pinned him fast; and, as he attempted to withdraw his bayonet, it came off his gun, and, as he was very busy just then, he left him transfixed to mother-earth.

"One man killed a rebel by striking him with the butt of his gun, which he broke; but, being unwilling to stop his work, he loaded and fired three 'times before he could get a better gun: the first time, not being cautious, the rebound of his gun badly cut his lip.

"When the troops were in the ditch, three rebels came to one man, and ordered him to surrender. His gun being loaded, he shot one, and bayoneted another: and, forgetting he could bayonet the third, he turned the butt of his gun, and knocked him down."

Great were the sufferings which the colored people had to endure for their fidelity to liberty and the Union during the Rebellion. Space will allow me to give but one or two instances.

"On Monday, Feb. 21, a band of guerillas, commanded by Col. Moore, of Louisiana, made a bold dash upon our lines at Waterproof, La., opening with four pieces of artillery upon Fort Anderson. Capt. Johnson, of the gunboat 'No. 9,' was on hand, and, after two hours' vigorous shelling, the enemy abandoned the attack.

"Our loss was three killed. Two colored soldiers, members of the Eleventh Louisiana Volunteers, were captured, and afterwards brutally murdered, with an old slave known by the sobriquet of 'Uncle Peter.' The bodies of the two soldiers were discovered the next day riddled with bullets. Old Uncle Peter had been of great service to our Government in piloting our officers to localities where large quantities of cotton belonging to the rebel Government were concealed. After capturing this old man, the assassins compelled him to kneel, with his hands behind his back, in presence of some fifty slaves on one of the adjoining plantations; and two Minie-balls pierced his body. They then intimidated the slaves by threatening to treat all negroes in a similar manner whom they caught aiding the Yankees.

"Through the instrumentality of this faithful old man, Capt. Anderson had secured four hundred bales of fine cotton marked 'Confederate States of America,' together with a hundred and fifty fine horses, and a number of mules. The value of the cotton alone was a hundred thousand dollars. Among the prisoners captured by our forces was Lieut. Austin, adjutant-general on Gen. Harris's staff, with his fine horses and costly equipments. Capt. Anderson succeeded in capturing the murderer of old Uncle Peter, and having plenty of slaves to testify who were obliged to witness the infamous crime, he ordered the guilty wretch to be shot; and in a few hours the villain paid the penalty of his dastard crime. Another one of the guerillas engaged in this outrage is now in our hands, under guard at this place; and it seems like an act of great injustice to our brave soldiers, that such outlaws should be treated as prisoners of war.

"After shooting these three defenceless men, the chivalrous knights robbed old Uncle Peter of a thousand dollars in treasury notes, and completely stripped the two colored soldiers of all their outer clothing and their boots. We hear Northern copperheads, who have never been south of Mason and Dixon's Line, constantly prating about the unconstitutionality of arming the slaves of rebels; and often these prejudiced people accuse the negro troops of cowardice. After the bloody proof at Milliken's Bend, Port Hudson, and at Fort

Wagner in front of Charleston, it would seem that nothing more was needed to substantiate the resolution and undaunted courage of the slave when arrayed against his master, fighting for the freedom of his race. The following incident speaks for itself:—

“In the attack on Fort Anderson, Sergt. Robert Thompson exhibited traits of courage worthy of record. A party of eight guerillas surrounded Sergt. Thompson of Company I, Eleventh Louisiana, and Corp. Robinson of the same regiment. The two prisoners were threatened with torture and death, and were finally placed in charge of three guerillas, while the balance of their party were harassing our troops. Seeing a revolver in the sergeant’s belt, they ordered him to give it up. As he fumbled around his belt, he touched the corporal with his elbow as a signal to be ready. Drawing it slowly from his belt, he cocked it, and, ere the rebel could give the alarm, he fell a corpse from his horse. At the same time, Corp. Robinson shot another; and the third guerilla, without waiting for further instructions, put the spurs to his horse, and in a few seconds was out of sight. The two brave men are now on duty ready for another guerilla visit.”—*Correspondence of The Tribune.*

Kindness to Union men and all Northerners was a leading trait in the character of the colored people of the South throughout the war. James Henri Brown, special correspondent of “The New-York Tribune,” in his very interesting work, “Four years in Secessia,” says, “The negro who had guided us to the railway had told us of another of his color to whom we could apply for shelter and food at the terminus of our second stage. We could not find him until nearly dawn; and, when we did, he directed us to a large barn filled with corn-husks. Into that we crept with our dripping garments, and lay there for fifteen hours, until we could again venture forth. Floundering about in the husks, we lost our haversacks, pipes, and a hat. About nine o’clock, we procured a hearty supper from the generous negro, who even gave me his hat,—an appropriate presentation, as one of iny companions remarked, by an ‘intelligent contraband’ to the reliable gentleman of ‘The New-York Tribune.’ The negro did picket-duty while we hastily ate our meal, and stood by his

blazing fire. The old African and his wife gave us 'God bless you, massa!' with trembling voice and moistened eyes, as we parted from them with grateful hearts. 'God bless negroes!' say I, with earnest lips. During our entire captivity, and after our escape, they were ever our firm, brave, unflinching friends. We never made an appeal to them they did not answer. They never hesitated to do us a service at the risk even of life; and, under the most trying circumstances, revealed a devotion and a spirit of self-sacrifice that were heroic.

"The magic word 'Yankee,' opened all their hearts, and elicited the loftiest virtues. They were ignorant, oppressed, enslaved; but they always cherished a simple and beautiful faith in the cause of the Union, and its ultimate triumph, and never abandoned or turned aside from a man who sought food or shelter on his way to freedom."

"On the march of Grant's army from Spottsylvania to the North Anna, at intervals of every few miles, families of negroes were gathered along the roadside, exchanging words of salutation to our soldiers as they passed, and grinning all over their faces. 'Massa's gone away, gemmen,' was the answer in almost all cases where the query in relation to their master's whereabouts was raised. 'Specs he gwan to Richmon'. Dun know. He went away in a right smart hurry last night: dat's all I knows.' A sight of the fine, athletic, plump appearance of some of these negroes, of both sexes and all ages, would have driven a negro-trader crazy, especially when he became convinced of the fact that, according to the terms of President Lincoln's proclamation, these negroes are free the moment the lines of the Union army closed in upon them. It was a pleasing spectacle, and commingled with not a little pathos, to hear the benedictions which the aged and infirm negroes poured out upon our soldiers as they marched by. 'I'se been waitin' for you,' said an old negro, whose eyesight was almost entirely gone, and whose head was covered with the frosts of some eighty-five winters. 'Ah! I'se been waitin' for you gemmen some time. I knew you was comin', kase I heerd massa and missus often talkin' about you;' and then the old hero chuckled, and almost ground his ivories out of his head."



No heroism surpasses that of the poor slave-boy Sam, on board the gunboat "Pawnee," who, while passing shell from the magazine, had both legs shot away by a ball from the rebel guns; but, still holding the shell, cried out at the top of his voice, "Pass up de shell, boys. Nebber mine me: my time is up." The greatest fidelity of the white man to the Union finds its parallel in the nameless negro, who, when his master sent him out to saddle his horse, mounted the animal, rode in haste to the Federal lines, and pointed out the road of safety to the harassed, retreating Army of the Potomac; then, returning for his wife and children, was caught by the rebels, and shot. When the rebels made their raid into the State of Pennsylvania, and the governor called the people to arms for defence, it is a well-known fact that a company of colored men from Philadelphia were the first to report at Harrisburg for service. These men were among the most substantial of the colored citizens in point of wealth and moral culture. Yet these patriotic individuals, together with all of their class, are disfranchised in that State.

In the engagement on James Island between the Fifty-fourth Massachusetts and the rebels, the latter surrounded three companies of the former, which were on picket-duty, and ordered them to surrender; the colored troops replied by making the best possible use of their muskets. In the fight, Sergt. Wilson, of the Fifty-fourth Massachusetts, fought bravely, having fired his last cartridge, used the butt of his gun upon his enemies, and, even after being severely wounded, still struggled against the foe with his unloaded weapon. The enemy, seeing this, called repeatedly to the negro to surrender; but Wilson refused, and fought till he was shot dead.

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# CHAPTER XL—FALL OF THE CONFEDERACY, AND DEATH OF PRESIDENT LINCOLN.

*Flight of Jeff. Davis from Richmond.—Visit of President Lincoln to the Rebel Capital.—Welcome by the Blacks.—Surrender of Gen. Lee.—Death of Abraham Lincoln.—The Nation in Tears.*

**J**efferson Davis and his cabinet had hastily quitted Richmond, on Sunday, the third day of April, 1865; the Union troops had taken possession the day following; and Abraham Lincoln, President of the United States, and the best-hated man by the rebels, entered the city a short time after. For the following account of the President's visit, I am indebted to a correspondent of "The Boston Journal:"

"I was standing upon the bank of the river, viewing the scene of desolation, when a boat, pulled by twelve sailors, came up stream. It contained President Lincoln and his son, Admiral Porter, Capt. Penrose of the army, Capt. A. H. Adams of the navy, Lieut. W. W. Clements of the signal corps. Somehow the negroes on the bank of the river ascertained that the tall man wearing the black hat was President Lincoln. There was a sudden shout. An officer who had just picked up fifty negroes to do work on the dock found himself alone. They left work, and crowded round the President. As he approached, I said to a colored woman,—

"There is the man who made you free.'

"What, massa?'

"That is President Lincoln.'

"Dat President Linkum?'

"Yes.'

"She gazed at him a moment, clapped her hands, and jumped straight up and down, shouting, 'Glory, glory, glory!' till her voice was lost in a universal cheer.

"There was no carriage near; so the President, leading his son, walked three-quarters of a mile up to Gen. Weitzel's headquarters,—Jeff. Davis's mansion. What a spectacle it was! Such a hurly-burly, such wild, indescribable, ecstatic joy I never witnessed. A colored man acted as guide. Six sailors, wearing their round blue caps and short jackets and bagging pants, with navy carbines, were the advance-guard. Then came the President and Admiral Porter, flanked by the officers accompanying him, and the correspondent of 'The Journal;' then six more sailors with carbines,—twenty of us all told,—amid a surging mass of men, women, and children, black, white, and yellow, running, shouting, dancing, swinging their caps, bonnets, and handkerchiefs. The soldiers saw him, and swelled the crowd, cheering in wild enthusiasm. All could see him, he was so tall, so conspicuous.

"One colored woman, standing in a doorway as the president passed along the sidewalk, shouted, 'Thank you, dear Jesus, for this! thank you, Jesus!' Another standing by her side was clapping her hands, and shouting, 'Bless de Lord!'

"A colored woman snatched her bonnet from her head, and whirled it in the air, screaming with all her might, 'God bless you, Massa Linkum!'

"A few white women looking out from the houses waved their handkerchiefs. One lady in a large and elegant building looked a while, and turned away her head as if it was a disgusting sight.

"President Lincoln walked in silence, acknowledging the salutes of officers and soldiers, and of the citizens, black and white. It was the man of the people among the people. It was the great deliverer meeting the delivered. Yesterday morning the majority of the thousands who crowded the streets and hindered our advance were slaves: now they were free, and beholding him who had given them their liberty."

On the 9th of the same month, Gen. Lee, with his whole army, surrendered to Gen. Grant; and thus fell the Southern Confederacy, the enemy of the negro and of Republican government. The people of the North, already tired of the war, at once gave themselves up to rejoicing all over the free States.

But the time of merry-making was doomed to be short; for slavery, the cause of the Rebellion, was dying hard. The tyrants of the South, so long accustomed to rule, were now determined to ruin. Slavery must have its victim. If it could not conquer, it must at least die an honorable death; and nothing could give it more satisfaction than to commit some great crime in its last struggles.

Therefore the death of Abraham Lincoln by the hand of an assassin was but the work of slavery. It murdered Lovejoy at Alton, it slowly assassinated Torrey in a Maryland prison, it struck down Sumner in the Senate, it had taken the lives, by starvation, of hundreds at Anderson, Richmond, and Salisbury; why spare the great liberator?

President Lincoln fell a sacrifice to his country's salvation as absolutely and palpably, as though he had been struck down while leading an assault on the ramparts of Petersburg. The wretch who killed him was impelled by no private malice, but imagined himself an avenger of that downcast idol, which, disliking to be known simply as slavery, styles itself "The South." He was murdered, not that slavery might live; but that it might bring down its most conspicuous enemy in its fall.

The tears of four millions of slaves whom he had liberated, five hundred thousand free blacks whose future condition he had made better, and the twenty millions of whites in the free States, stricken as they never had been before by the death of a single individual, followed his body to the grave. No nation ever mourned more sincerely the loss of its head than did the people of the United States that of President Lincoln. We all love his memory still.

"His name is not a sculptured thing, where old Renown has reared

Her marble in the wilderness, by smoke of battle seared;

But graven on life-leaping hearts, where *Freedom's* banners wave,

It gleams to bid the tyrant back, and *loose the fettered slave.*"

Faults he had; but we forget them all in his death. It seemed to us that God had raised this man up to do a great work; and when he had finished his mission, flushed with success over the enemies of his country, while the peals of exultation for the accomplishment of the noble deed were yet ringing in his ears, and while our hearts were palpitating more generously for him, he permitted him to fall, that we should be humbled, and learn our own weakness, and be taught to put more dependence in the ruler of the universe than in man.

'So sleep the good, who sink to rest

By all their country's wishes blest.

When Spring with dewy fingers cold

Returns to deck their hallowed mould,

She there shall dress a sweeter sod

Than Fancy's feet have ever trod:

By forms unseen, their dirge is sung;

By fairy hands, their knell is rung;

There Honor comes, a pilgrim gray,

To bless the turf that wraps their clay;

And Freedom shall a while repair,

To dwell a weeping hermit there."



## CHAPTER XLI—PRESIDENT ANDREW JOHNSON.

*Origin of Andrew Johnson.—His Speeches in Tennessee.—The Negro's Moses.—The Deceived Brahmin.—The Comparison.—Interview with Southerners.—Northern Delegation.—Delegation of Colored Men.—Their Appeal.*

Springing from the highest circle of the lowest class of whites of the South, gradually rising, coming up over a tailor's board, and all the obstacles that slaveholding society places between an humbly-born man and social and political elevation, Andrew Johnson entered upon his presidential duties, at the death of Mr. Lincoln, with the hearty good feeling of the American people. True, he had taken a glass too much on the day of his inauguration as vice-president, and the nation had not forgotten it; yet there were many palliating circumstances to be offered. The weather was cold, his ride from Tennessee had been long and fatiguing, he had met with a host of friends, who, like himself, were not afraid of the "critter." And, after all, who amongst that vast concourse of politicians, on that fourth day of March, had not taken a "Tom and Jerry," a "whiskey punch," a "brandy smash," or a "cocktail"? Again: the people had been robbed of their idol, and suddenly plunged into grief, and felt like looking up the commendable acts of the new President, rather than finding fault, and were desirous to see how far he was capable of filling the gap so recently made vacant.

They remembered that when the secessionists were withdrawing from Congress, in 1860, Mr. Johnson said,

"If I were president, I would try them for treason, and, if convicted, I would hang them." This was mark number one in his favor. They had not forgotten his address to the Tennessee

Convention, which, in the preceding January, had, by an almost unanimous vote, declared slavery in that State forever abolished.

This speech was made on the 14th of January, and is very uncompromising and eloquent. "Yesterday," said he to the Convention, "you broke the tyrant's rod, and set the captive free. (Loud applause.) Yes, gentlemen, yesterday you sounded the death-knell of negro aristocracy, and performed the funeral obsequies of that thing called slavery.... I feel that God smiles on what you have done. Oh, how it contrasts with the shrieks and cries and wailings which the institution of slavery has brought on the land!"

And his speech to the colored people of Nashville in the preceding October was exceedingly touching, by reason of its tender, heartfelt compassion for all the degradation, insult, and cruelty which had been heaped upon that poor and unoffending people so long. Its scorn and sarcasm were terrible as he arraigned the "master" class for their long career of lust, tyranny, and crime. He hoped a Moses would arise to lead this persecuted people to their promised land of freedom. "You are our Moses," shouted first one, and then a great multitude of voices. But the speaker went on,

"God, no doubt, has prepared, somewhere, an instrument for the great work he designs to perform in behalf of this outraged people; and in due time your leader will come forth,—your Moses will be revealed to you."

"We want no Moses but you!" again shouted the crowd. "Well, then," replied Mr. Johnson, "humble and unworthy as I am, if no better shall be found, I will indeed be your Moses, and lead you through the Red Sea of war and bondage to a fairer future of liberty and peace."

These were brave words in behalf of the rights of man, and weighed heavily in Mr. Johnson's favor. Also in his first public words, after taking the oath as President of the United States, Mr. Johnson referred to *the past* of his life as an indication of his course and policy in the future, rather than to make any verbal declarations now; thereby manifesting an honorable willingness to be judged by



his acts, and a consciousness that the record was one which he need not be ashamed to own.

What better words or greater promises could be demanded? And, moreover, the American people are admirers of self-made men. Indeed, it is the foundation of true republican principles; and those who come to the surface by their own genius or energies are sure to be well received by the masses. But was Andrew Johnson a genius? was he shrewd? was he smart? If not, how could he have attained to such a high position in his own State? Were the people there all fools, that they should send a mountebank to the United-States Senate? Or were they, as well as the National-Republican Convention that nominated him in 1864 for the Vice-Presidency, deceived?

Macaulay, in his Criticism on the Poems of Robert Montgomery, says, "A pious Brahmin, it is written, made a vow, that, on a certain day, he would sacrifice a sheep; and on the appointed morning he went forth to buy one. There lived in his neighborhood three rogues, who knew his vow, and laid a scheme for profiting by it. The first met him, and said, 'O Brahmin! wilt thou buy a sheep? I have one fit for sacrifice.'—'It is for that very purpose,' said the holy man, 'that I came forth this day.' Then the impostor opened a bag, and brought out of it an unclean beast,—an ugly dog, lame and blind. 'Thereon the Brahmin cried out, 'Wretch, who touchest things impure, and utterest things untrue, callest thou that cur a sheep?'—'Truly,' answered the other, 'it is a sheep of the finest fleece, and of the sweetest flesh. O Brahmin! it will be an offering most acceptable to the gods!'—'Friend,' said the Brahmin, 'either thou or I must be blind.' Just then, one of the accomplices came up. 'Praised be the gods,' said this second rogue, 'that I have been saved the trouble of going to the market for a sheep! This is such a sheep as I wanted. For how much wilt thou sell it?' When the Brahmin heard this, his mind waved to and fro, like one swinging in the air at a holy festival. 'Sir,' said he to the new-comer, 'take heed what thou dost. This is no sheep, but an unclean cur.'—'O Brahmin!' said the new-comer, 'thou art drunk or mad.' At this time, the third confederate drew near. 'Let us ask this man,' said the Brahmin, 'what the creature is; and I will

stand by what he shall say.' To this the others agreed; and the Brahmin called out, 'O stranger! what dost thou call this beast?'—'Surely, O Brahmin!' said the knave, 'it is a fine sheep.' Then the Brahmin said, 'Surely the gods have taken away my senses!' and he asked pardon of him who carried the dog, and bought it for a measure of rice and a pot of ghee; and offered it up to the gods, who, being wroth at this unclean sacrifice, smote him with a sore disease in all his joints!"

The poor Brahmin was never more thoroughly imposed upon in receiving the dog for a sheep than were the American people in accepting Andrew Johnson as a statesman, or even as a friend of liberty and republican institutions. That he hated the slaveocracy, there is not the slightest doubt; for they were far above him, and all his efforts to be recognized by them as an equal had failed.

But did he like the negro any better than the master? It is said, that while in his apprenticeship, on one occasion, young Johnson was passing along the street with a pair of pants upon his arm, when a well-dressed free negro accidentally ran against him, pushing the tailor into a ditch; whereupon, the latter threw a handful of mud at the black man, soiling his clothes very much. The negro turned, and indignantly said, "You better mind what you 'bout, you low white clodhopper, poor white trash!" This retort of the negro no doubt touched a tender chord; for it reminded the rising young man of the "pit from whence he was digged," and it is said he hated the race ever after. *But it must be acknowledged* that Mr. Johnson is a big man in little things; that he showed some shrewdness in taking advantage of the Union feeling, and especially the antislavery sentiment, of the North, in wiggling himself into the Republican party by his bunkum speeches. After all, what is the real character of the man?

"Great Judas of the nineteenth century,  
Foul political traitor of the age,  
Persistent speechmaker, covered with falsity,

Come, sit now for your portrait. I will paint  
As others see you,—men who love their God,  
And hate not even you, aye you, attain  
With love of self, and power that's outlawed.  
Behold the picture! See a drunken man  
Whose age brings nothing but increase of sin,—  
A deceptive 'policy,' a hateful plan  
To deceive the people, and reenslave the sons of Ham!  
Now see it stretching out a slimy palm,  
And striking hands with rebels. Nay, nay!  
It grasps Columbia by the throat and arm,  
And seeks to give her to that beast of prey."

Intensely in love with himself, egotistical, without dignity, tyrannical, ungrateful, and fond of flattery, Mr. Johnson was entirely unprepared to successfully resist the overtures of the slaveholding aristocracy, by whom he had so long wished to be recognized. It was some weeks after the death of the good President, that a committee of these Southerners visited the White House. They found Mr. Johnson alone; for they had asked for an audience, which had been readily granted. Humbly they came, the lords of the lash, the men who, five years before, would not have shaken hands with him with a pair of tongs ten feet long. Many of them the President had seen on former occasions: all of them he knew by reputation. As they stood before him, he viewed them from head to feet, and felt an inward triumph. He could scarcely realize the fact, and asked himself, "Is it possible? have I my old enemies before me, seeking favors?" Yes: it was so; and they had no wish to conceal the fact. The chairman of the committee, a man of years, one whose very look showed that he was not without influence among those who knew him, addressing the Chief Magistrate, said, "Mr. President, we come as a committee to represent to you the condition of the South, and its wants. We fear that your Excellency has had things

misrepresented to you by the Radicals; and knowing you to be a man of justice, a statesman of unsullied reputation, one who to-day occupies the proudest position of any man in the world, we come to lay our wants before you. We have, in the past, been your political opponents. In the future, we shall be your friends; because we now see that you were right, and we were wrong. We ask, nay, we beg you to permit us to reconstruct the Southern States. Our people, South, are loyal to a man, and wish to return at once to their relations in the General Government. We look upon you, Mr. President, as the embodiment of the truly chivalrous Southerner,—one who, born and bred in the South, understands her people: to you we appeal for justice; for we are sure that your impulses are pure. Your future, Mr. President, is to be a brilliant one. At the next presidential election, the South will be a unit for the man who saves her from the hands of these Yankees, who now, under the protection of the Freedman's Bureau, are making themselves rich. We shall stand by the man that saves us; and you are that man. Your genius, your sagacity, and your unequalled statesmanship, mark you out as the father of his country. Without casting a single ungenerous reflection upon the great name of George Washington, allow me to say what I am sure the rest of the delegation will join me in, and that is, that, a hundred years to come, the name of Andrew Johnson will be the brightest in American history." Several times during the delivery of the above speech, the President was seen to wipe his eyes, for he was indeed moved to tears. At its conclusion, he said, "Gentlemen, your chairman has perfectly overwhelmed me. I was not, I confess, prepared for these kind words, this cordial support, of the people of the South. Your professions of loyalty, which I feel to be genuine, and your promises of future aid, unman me. I thought you were my enemies, and it is to enemies that I love to give battle. As to my friends, they can always govern me. I will lay your case before the cabinet."—"We do not appeal to your cabinet," continued the chairman, "it is to you, Mr. President, that we come. Were you a common man, we should expect you to ask advice of your cabinet; but we regard you as master, and your secretaries as your servants. You are capable of acting without consulting them: we think you the

Andrew Jackson of to-day. Presidents, sir, are regarded as mere tools. We hope you, like Jackson, will prove an exception. We, the people of the South, are willing to let you do precisely as you please; and still we will support you. We are proud to acknowledge you as our leader. All we ask is, that we shall be permitted to organize our State Governments, elect our senators and representatives, and return at once into the Union; and this, Mr. President, lies entirely with you, unless you acknowledge yourself to be in leading-strings, which we know is not so; for Andrew Johnson can never play second fiddle to men or parties." These last remarks affected Mr. Johnson very much, which he in vain attempted to conceal. "Gentlemen," replied the President, "I confess that your chairman, has, in his remarks, made an impression on my mind that I little dreamed of when you entered. I admit that I am not pleased with the manner in which the Radicals are acting."—"Allow me," said the chairman, interrupting the President, "to say a word or two that I had forgotten." "Proceed," said the Chief Magistrate. "You are not appreciated," continued the chairman, "by the Radicals. They speak of you sneeringly as the 'accidental President,' just as if you were not the choice of the people. The people of the North would never elect you again. No man, except Mr. Lincoln, has ever been elected a second time to the presidency, from the free States. They have so many peddling politicians, like so many hungry wolves, seeking office, that they are always crying, 'Rotation, rotation.' But, with us of the South, it is different. When we find a man with genius, talent, a statesman, we hold on to him, and keep him in office. You, Mr. President, can carry all the Southern, and enough of the Northern States to elect you to another term."—"Yes," responded one of the committee, "to two terms more." Mr. Johnson, with suppressed emotion, said, "I will at once lay down a policy, which, I think, will satisfy the entire people of the South; but, but—I said that treason should be made odious, and traitors should be punished: what can I do so as not to stultify myself?"

"I see it as clear as day, Mr. President," said the chairman. "You have already made treason odious by those eloquent speeches

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